

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Verizon California Inc.
(U 1002 C) to Expand Its Certificate of Public
Convenience and Necessity To Include Provision
of Local Exchange Service as a Facilities-Based
and Resale Carrier Within the Service Areas of
Citizens Telephone Company and Roseville
Telephone Company.

Application 01-10-004
(Filed October 3, 2001)

O P I N I O N**I. Summary**

Verizon California Inc. (Applicant) seeks to expand its certificate of public convenience and necessity (CPCN) under Pub. Util. Code § 1001 for authority to provide limited facilities-based and resold local exchange telecommunications services as a competitive local carrier (CLC) in the service territories of Roseville Telephone Company (RTC) and Citizens Telecommunications Company of California, Inc. (CTC).¹ By this decision, we grant Applicant the requested authority.

¹ A CLC is a common carrier that is issued a CPCN to provide local exchange telecommunications service for a geographic area specified by such carrier.

II. Regulatory Background

In Decision (D.) 95-07-054, D.95-12-056, and D.97-06-107, we established procedures to govern applications for authority to offer competitive local exchange service within the service territories of Pacific and Applicant. Applicants that are granted authority to provide competitive local exchange service must comply with various rules established by the Commission, including: (1) the consumer protection rules set forth in Appendix B of D.95-07-054; (2) the rules for local exchange competition set forth in Appendix C of D.95-12-056; and (3) the customer notification and education rules adopted in D.96-04-049.

By D.97-09-115, we extended coverage of our adopted rules for local exchange competition to the service territories of RTC, and CTC.

III. Overview of Application

Applicant, a California corporation, requests authority to operate as a limited facilities-based and resale provider of local exchange services within RTC and CTC's service territories.

Applicant was granted the authority requested herein by D.98-01-024. Applicant subsequently requested an extension of time to exercise its authority. The request was denied, and Applicant's authority expired. Applicant then filed this application.

Applicant's principal place of business is located at One Verizon Way, Thousand Oaks, California 91362-3811.

IV. Procedural Background

In Resolution ALJ 176-3074 dated October 25, 2001, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received.

There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

V. Comments on Draft Decision

This is an uncontested matter in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

VI. Financial Qualifications of Applicant

To be granted a CPCN for authority to provide facilities-based and resold local exchange service, an applicant must demonstrate that it has \$100,000 cash or cash equivalent to meet the firm's start-up expenses. The applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by other telecommunications carriers in order to provide service in California.² Applicant provided a United States Securities and Exchange Commission Form 10-Q that demonstrates that it meets the financial requirements.

VII. Technical Qualifications of Applicant

To be granted a CPCN for authority to provide local exchange service, an applicant must make a reasonable showing of technical expertise in telecommunications or a related business. Applicant supplied biographical information on its management that demonstrates that it has sufficient expertise and training to operate as a telecommunications provider.

² The financial standards for certification to operate as a CLC are set forth in D.95-12-056, Appendix C, Rule 4.B.

We find that Applicant has met our requirement that it possesses adequate technical expertise to operate as a CLC.

VIII. Tariffs

Commission staff reviewed Applicant's draft tariffs for compliance with Commission rules and regulations. No deficiencies were found.

IX. California Environmental Quality Act (CEQA)

The CEQA requires the Commission as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Since Applicant states that it will not be constructing any facilities for the purpose of providing competitive local exchange services in RTC and CTC's service territories, except for equipment to be installed in existing buildings or structures, it can be seen with certainty that there is no possibility that granting this application will have an adverse impact upon the environment. Applicant must file for additional authority, and submit to any necessary CEQA review, before it can construct facilities for the purpose of providing competitive local exchange services in RTC and CTC's service territories.

X. Conclusion

We conclude that the application conforms to our rules for certification as a CLC. Accordingly, we shall grant Applicant a CPCN to provide limited facilities-based and resold local exchange service in the service territories of RTC and CTC subject to compliance with the terms and conditions set forth herein.

Findings of Fact

1. A notice of the filing of the application appeared in the Daily Calendar on October 11, 2001.

2. There were no protests to this application.
3. A hearing is not required.
4. In prior decisions, the Commission authorized competition in providing local exchange telecommunications services within the service territories of Pacific, Applicant, RTC and CTC.
5. Applicant has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.
6. Applicant has sufficient additional cash or cash equivalent to cover any deposits that may be required by other telecommunications carriers in order to provide the proposed service.
7. Applicant's management possesses sufficient expertise to provide local exchange services to the public.
8. As part of its application, Applicant submitted a draft of its tariff that complied with the Commission's requirements.
9. Applicant does not propose to construct any facilities, except for equipment to be installed in existing buildings or structures, in order to provide the proposed service.
10. By D.97-06-107, all interexchange carriers (IECs) and CLCs are no longer required to comply with General Order 96-A, subsections III.G(1) and (2), and Commission Rule of Practice and Procedure 18(b).
11. By D.95-12-057, as modified by D.97-01-015, CLCs are exempt from Pub. Util. Code §§ 816-830.
12. By D.95-12-057, as modified by D.97-01-015, CLCs are exempted from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

Conclusions of Law

1. Applicant has the financial ability to provide the proposed service.
2. Applicant has made a reasonable showing of technical expertise in telecommunications.
3. Public convenience and necessity require the competitive local exchange services to be offered by Applicant, subject to the terms and conditions set forth herein.
4. Applicant is subject to:
 - a. The current 1.45% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the Universal Lifeline Telephone Service Trust Administrative Committee Fund (Pub. Util. Code § 879; Resolution T-16594, October 10, 2001);
 - b. The current 0.481% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Relay Service and Communications Devices Fund (Pub. Util. Code § 2881; D.98-12-073 and Resolution T-16504, March 27, 2001);
 - c. The user fee provided in Pub. Util. Code §§ 431-435, which is 0.11% of gross intrastate revenue for the 2000-2001 fiscal year (Resolution M-4800);
 - d. The current surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-A (Pub. Util. Code § 739.3; D.96-10-066, pp. 3-4, App. B, Rule 1.C; set by Resolution T-16521 at 0.200%, June 14, 2001; set by Resolution T-16589 at 0.300% effective January 1, 2002, October 10, 2001);
 - e. The current 1.47% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost

Fund-B (D.96-10-066, p. 191, App. B, Rule 6.F., Resolution T-16585, October 10, 2001); and

- f. The current 0.300% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Teleconnect Fund (D.96-10-066, p. 88, App. B, Rule 8.G, Resolution T-16584, October 10, 2001).
5. The application should be granted to the extent set forth below.
6. Applicant, once granted a CPCN to operate as a CLC, should be subject to the Commission's rules and regulations regarding the operations of CLCs as set forth in D.95-07-054, D.95-12-056, and other Commission decisions.
7. Any CLC that does not comply with our rules for local exchange competition adopted in Rulemaking 95-04-043 shall be subject to sanctions including, but not limited to, revocation of its CLC certificate.
8. Since Applicant does not propose to construct any facilities, except for equipment to be installed in existing buildings or structures, it can be seen with certainty that granting it authority to provide local exchange services will not have a significant adverse effect upon the environment.
9. Because of the public interest in competitive local exchange services, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity (CPCN) is granted to Verizon California Inc. (Applicant) to provide limited facilities-based and resold local exchange services in the service territories of Roseville Telephone Company (RTC) and Citizens Telecommunications Company of California, Inc. (CTC), subject to the terms and conditions set forth below.

2. Applicant shall file a written acceptance of the certificate granted in this proceeding.

3. Applicant is authorized to file with this Commission tariff schedules for the provision of competitive local exchange services in RTC and CTC's service territories. Applicant may not offer competitive local exchange services in RTC and CTC's service territories until tariffs are on file. Applicant's initial filing shall be made in accordance with General Order (GO) 96-A, excluding Sections IV, V, and VI. The tariff shall be effective not less than one day after tariff approval by the Commission's Telecommunications Division. Applicant shall comply with the provisions in its tariffs.

4. Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future CLC tariffs is subject to the schedules set forth in Appendix C, Section 4.E of Decision (D.) 95-12-056:

"E. CLCs shall be subject to the following tariff and contract filing, revision and service pricing standards:

- "(1) Uniform rate reductions for existing tariff services shall become effective on five (5) working days' notice. Customer notification is not required for rate decreases.
- "(2) Uniform major rate increases for existing tariff services shall become effective on thirty (30) days' notice to the Commission, and shall require bill inserts, or first class mail notice to customers at least 30 days in advance of the pending rate increase.
- "(3) Uniform minor rate increases, as defined in D.90-11-029, shall become effective on not less than (5) working days' notice to the Commission. Customer notification is not required for such minor rate increases.
- "(4) Advice letter filings for new services and for all other types of tariff revisions, except changes in text

not affecting rates or relocations of text in the tariff schedules, shall become effective on forty (40) days' notice.

- “(5) Advice letter filings revising the text or location of text material which do not result in an increase in any rate or charge shall become effective on not less than five (5) days' notice to the Commission.”
- “(6) Contracts shall be subject to GO 96-A rules for NDIECS, except interconnection contracts.
- “(7) CLCs shall file tariffs in accordance with PU Code § 876.”

5. With respect to the CLC authority granted herein, Applicant may deviate from the following provisions of GO 96-A: (a) paragraph II.C.(1)(b), which requires consecutive sheet numbering and prohibits the reuse of sheet numbers; and (b) paragraph II.C.(4), which requires that “a separate sheet or series of sheets should be used for each rule.” Tariff filings incorporating these deviations shall be subject to the approval of the Commission's Telecommunications Division. Tariff filings shall reflect all fees and surcharges to which Applicant is subject, as reflected in Conclusion of Law 4.

6. Applicant shall file as part of its tariff, after the effective date of this order and consistent with Ordering Paragraph 3, a service area map.

7. Applicant shall notify this Commission in writing of the date that local exchange service is first rendered to the public in RTC and CTC's service territories. This notice shall be provided no later than five days after local exchange service first begins.

8. Applicant shall ensure that its employees comply with the provisions of Public Utilities (Pub. Util.) Code § 2889.5 regarding solicitation of customers.

9. The certificate granted and the authority to render service under the rates, charges, and rules authorized herein will expire if not exercised within 12 months after the effective date of this order.

10. The corporate identification number assigned to Applicant is U-1002-C which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

11. If Applicant is 90 days or more late in filing an annual report or in remitting the fees listed in Conclusion of Law 4, the Commission's Telecommunications Division shall prepare for Commission consideration a resolution that revokes its CPCN unless it has received the written permission of the Commission's Telecommunications Division to file or remit late.

12. Applicant shall comply with all applicable rules adopted in the Local Exchange Competition proceeding (Rulemaking 95-04-043/Investigation 95-04-044), as well as all other applicable Commission rules, decisions, GOs and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

13. Applicant is not authorized to construct facilities for the purpose of providing competitive local exchange services in RTC and CTC's service territories, except for equipment to be installed in existing buildings or structures.

14. Applicant shall send a copy of this decision to concerned local permitting agencies not later than 30 days from the date of this order.

15. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.